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Executive Registry

0-1679

TO Asst. Director for Policy Coordination

25 Oct 1948

FROM Director of Central Intelligence

SUBJ Fiscal Year 1949 Budget

1. As neither your office nor the activity in the Office of Special Operations which preceded it was provided for in the fiscal year 1949 budget, it has been necessary to divert funds allocated for other purposes for the support of your office during the fiscal year 1949. Other commitments, including absorption of the pay raise, which were not anticipated make it essential that the cost of the operation of your office during this fiscal year not exceed the total sum diverted for this purpose.

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3. Prior to obligating or committing for obligation any portion of these funds for the support of operational projects, your office should prepare and submit to me through the Projects Review Committee its fiscal year 1949 program under the provisions of Administrative Instruction 60-2. It is suggested that this submission be expedited as the Budget Officer has no authority to obligate funds except against approved operational projects.

4. While it may be possible to increase to some extent the total allocation specified above, it will not be possible to determine whether any increase can be granted until about 1 February 1949. Your plans, therefore, should not anticipate at this time that any increase will be available.

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24 October 1947

MEMORANDUM FOR THE RECORD

I. REFERENCES:

1. GENERAL - Psychological Warfare.

2. Letter from Special Assistant to Secretary of State for Intelligence under date of 15 September 1947, enclosing psychological warfare plan submitted by Colonel F. W. Hyde, GSC, Hq. Third Army, Atlanta, Georgia.

3. Memorandum of Director CIA to Executive Secretary, National Security Council under date of 24 September 1947 and containing recommendations to the National Security Council reference Psychological warfare.

4. Memorandum from General Counsel, CIA, to the Director, under date of 25 September 1947, reference authority of CIA to perform propaganda functions.

5. SWNCC 304/6, 30 September 1947.

6. Memorandum prepared by Maj. Gen. William J. Donovan, under date of 9 October 1947, reference Subversive Warfare -- as submitted by Gen. Donovan to the Secretary of Defense.

7. SANACC 304/7, 9 October 1947.

25X1 8. Study on Psychological Warfare submitted under date of 14 October 1947 [redacted]

9. Letter from Mary Chess Heffron to Mr. Forrestal under date of 15 October 1947.

10. SANACC 304/8, 20 October 1947

II. 1. As directed by the Director of Central Intelligence, I arranged a conference in New York with Major General William J. Donovan on the subject of Psychological (Subversive) Warfare. The conference was held in General Donovan's office at 3:00 PM, Thursday, 23 October 1947.

2. In opening the discussion with General Donovan, I stated that we (CIA) were encouraged by the interest and pressure being indicated with regard to the centralization and use of [redacted] propaganda. That his memorandum to the Secretary of Defense had been studied with great interest and we hoped we could lean on the General for advice on this subject in view of his experience and knowledge.

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3. It was noted that CIA realized the seriousness and stature of the task -- regardless of what agency carried it out. That we felt CIA, assuming we might be directed to carry the ball, was not prepared at this time to implement such a project and would not be without the experienced personnel, authority, and backing. However, in view of the possibility that we might be directed to handle such a project, we felt we should do everything possible to prepare for it.

4. Further attention was called to the fact that consideration was being given to implementing the project either through the Joint Chiefs of Staff, through a new Agency to be set up in the Executive Department, or within the set-up of the National Security Council.

5. In addition to hearing further from General Donovan as to his views on "who" should carry out such a project, we would also be interested in his recommendation of personnel to head the project or to assist in its operation.

III. GENERAL DONOVAN replied generally as follows:

1. Subversive (Psychological) Warfare must be initiated by the American people to protect our prestige abroad and our unity at home from attacks by the Soviet Union. This propaganda must employ psychological, economic, and political measures [redacted]

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2. He agreed that some cover must be given to the individual and his assistants who carried out the project but he was most insistent that the project must be under the direct supervision and coordination of CIA. He appreciates that, as a war time activity, it would naturally fall under the Joint Chiefs of Staff -- but not at this stage of operations. He stated that certainly State Department has a current primary interest but has lost the feel of the real requirements in that field. As to the establishment of a new agency in the Executive Department, he feels that such an Agency would immediately become a competitor in the National Intelligence field and would tend to duplicate many of our activities. He suggested that the man to head such an activity might well be appointed as a Special Assistant to the Secretary of Defense [redacted] under the direction of the Director of Central Intelligence. If such a plan is initiated the first step should be to take over the Voice of America and re-orient it.

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3. He suggested that the man selected to head such an operation should be a man of stature in the business world, of sufficient means to be unconcerned over salary, not involved in political controversy, preferably a Democrat and, if practicable, from the Middle West. His planning group should be selected from suitable and experienced personnel of the Army, Navy, Air, and State Departments in order to stress the military-political requirements.

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4. He called attention to the training requirements for personnel
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5. We discussed several possible personalities who might be induced
to head such an operation as planned. Among others were:

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The General said he would forward us any additional names which came to mind
and additional data on the subject project.

6. We then discussed several individuals who would be particularly
desirable in subordinate and planning divisions of such a project. General
Donovan stated he would be glad to advise or assist us at any time and for
us to always feel free to call on him. I thanked him for his help and
consideration.

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E. K. WRIGHT
Brigadier General, USA
Deputy Director

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6 August 1948

MEMORANDUM FOR GENERAL WRIGHT:

Mr. Wisner of the State Department, about whom you know, will probably call you up Monday or some time next week concerning the organization and line-up of the new Special Procedures Group. If he comes over, will you give him the full dope, let him meet the people over there if he wishes, and explain to him that the new group is to have complete operating autonomy, but, of course, must be tied into CIA as regards personnel, budget, administrative services, etc. You know the dope--this is just so that I do not forget to tell you.

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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